WOMEN IN THE WORKFORCE:
HOW THE WAGE GAP AFFECTS HISPANIC AND NON-HISPANIC WOMEN'S INCOME

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The following faculty have examined the final copy of this thesis/dissertation for form and content, and recommend that it be accepted in partial fulfillment of the requirement for the degree of Master of arts with a major in Sociology.

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DEDICATION

To my Baby Sister Kalle

My Little Hero
ACKNOWLEDGMENTS

Kalle Anderson – My independent, intelligent, clever, hilarious baby sister who inspires me to be a better person; thank you for making me push for more in my life than I ever thought I could. Thank you for believing in your big sister and reminding her to not take herself so seriously. You remind me of who I am and why I accomplish the things I do. You are my family, my best friend, my home; I love you very much.

Mary & Rex Anderson – Thank you for raising me to be independent, I know it scares you because I do things on my own more than you think I should. Thank you for believing in me even if it did take me some time to find my way. You have raised two girls who will never be afraid to chase after their goals and dreams.

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ABSTRACT

The wage gap between men and women is a well known truth; Non-Hispanic men tend to make higher incomes than both Hispanic and Non-Hispanic women (Smith & Powell, 1990). Less known are wage differences between different ethnicities of women in the workforce that also exist (Alon & Haberfield, 2007). Hypothesis #1 was supported, net of other factors, income increases as age increases. Support was found for hypothesis #2, as income increases so will every unit of educational attainment, net of other factors. Hypothesis #3, those who work in the goods producing sectors will make more income than those who do not work in the goods producing sector, net of other factors was supported. Hypothesis #4 was supported; net of other factors, higher skilled occupations will have higher incomes than lower skilled occupations. Support was found for hypothesis #5; Hispanic women are sorted into inferior economic positions relative to Non-Hispanic women. Hypothesis #6 was also supported; net of other factors, being a Hispanic woman will lead to a decrease in wages. There are some limitations specific to this study, using cross sectional data allows only for one point in time; it does not capture recent changes such as promotions, demotions, or divorces.
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1. INTRODUCTION

It is well known that when looking at the wage gap between men and women, men tend to make higher incomes than both Hispanic and Non-Hispanic women (Smith & Powell, 1990). Less known are the wage differences between ethnicities of women in the workforce (Alon & Haberfield, 2007). The average annual earnings for full-time full-year Non-Hispanic women have been increasing and continue to increase, whereas Hispanic full-time, full-year average annual earnings have peaked and are currently declining (Current Population Survey, 2007).

The wage gap will continue to widen as the population of Hispanic women increases. Mexico immigration alone has grown dramatically, not only in numbers but in terms of women; from 300,000 in 1980 to 1.1 million Hispanic women in 2004 (Donato, Wakabayashi, Hakimzadeh, & Armenta, 2008).

Three models are commonly referenced to explain the wage gap between Hispanic and Non-Hispanic women: Individual, Structural, and Gender models. The Individualist model states that individuals are rational beings who maximize their utility by making decisions that invest in their human capital. The Structuralist model states that the economic position which a person occupies controls the beneficial payoff she will receive. The Gender model views women and women of ethnicity as devaluated, sorted, and placed into less desirable occupations that offer lower rates of return. The Conceptual model uses three models to investigate wage differences between Non-Hispanic women and Hispanic women using data from the Current Population Survey 2008 (CPS).
2. LITERATURE REVIEW

2.1 INDIVIDUALIST MODEL

Rational Choice Theory states that individuals are actors who think rationally and make choices (Coleman, 1992). In acting rationally an actor is engaged in optimizing, which can mean maximizing utility or minimizing costs (Coleman, 1992). Rational Choice Theory implies that people are rationally thinking individuals making choices that will in the end affect them directly (Coleman, 1992). Whether or not the results of the choices made by the individual are good or bad, there are consequences to the choices that have been made (Coleman, 1992). An Individual’s life outcomes are not random; but instead are a reflection of these choices (Coleman, 1992).

Human Capital Theory states that individuals make choices in skills, experience, degrees, and schooling that make the individual more productive, which in turn will create greater opportunities and returns in the workforce (Smith & Powell, 1990). Productivity can be acquired in terms of an individual’s contribution to the marginal product (Becker, 1962). On-the-job-training allows an individual to gain firm-specific skills for the institute they are employed with, which increase productivity and income (Becker, 1962). Age offers an increase in productivity because the more time or job experience an individual has, the greater chance the person will have to acquire experience needed in the workforce (Becker, 1962). The greater a person’s age and or experience, the higher the productivity rate, which will lead to higher return in capital (Becker, 1962).

Education increases productivity because it gives the individual skills to compete for higher positions and salaries in the workforce (Smith & Powell, 1990). Education provides a more broad set of skills that can be facilitated at most firms on a more general level, as opposed
to firm-specific skills that are limiting to a specific firm. Antecol and Bedard (2008) show the main determinant of the wage gap within Hispanic individuals and White individuals are lower educational attainments.

Increased attainment of skills, higher educational attainment, and the higher a person’s age will make an individual more productive in the eyes of an employer and employers will be willing to pay that individual more. Women who specialize and acquire the necessary skills for jobs maximize their salary (Alon and Tienda, 2005). Individuals who can produce more with acquired skills can compete for higher status positions whereas individuals with low skill acquirement do not have the power to compete (Becker, 1975).

Although choices can lead to better opportunities within the workforce, there are family and culturally based barriers that make it difficult for some groups of people to make those choices and compete for higher positions. Status Attainment theorists accept the arguments of rational choice and human capital, however, they acknowledge that one’s social and economic background can create constraints on individual choice. As an example, social class creates different socialization and occupational network opportunities for individuals raised in working class families compared to middle class families. Race, ethnicity and social-cultural norms and expectations provide for opportunity structures and constraints on Human Capital investment. Status Attainment Theory argues that individuals have a choice and the choices an individual makes can directly affect their educational, occupational and income levels. However, individuals do not always have the opportunities to be in a situation that allows for these choices.

While Human Capitalists point to comparative advantage for women’s greater involvement in childcare relative to men, Status Attainment theorist would note the impact of
ethic cultural expectations surrounding the role of Hispanic women in greater number of children and more involvement in childcare than similarly situated Non-Hispanic women.

Comparative advantages between men and women exist within the division of production. David Ricardo explained the division of product by engaging in production at the lowest cost. Production of childcare at the lowest cost defaults on women because they are able to carry, give birth, and raise children. Because men are not socialized to these necessary tasks, they would have to be trained on childcare which would increase their cost, where women can and have been doing it for no cost (O’Neill & Polachek, 1993). Women tend to have less experience at work and less incentive than men do to invest in training with a greater distant return (O’Neill & Polachek, 1993). Men can contribute most of their time towards the workforce because their focus is not on family and child care (Correll, Benard, & Paik, 2007). Given the lack of child care support by men and employers, women tend to focus on household and children activities that keep them from being able to contribute to their personal careers and the workforce (Corell, Benard, & Paik, 2007). Men are gaining the necessary work experience that women are not able to obtain due to comparative advantages. Men who remain continuously employed in their position get the experiences and opportunities to earn even more money and advance to higher positions where women do not have the same opportunities (Maume, 2004). Hispanic women tend to place great emphasis on larger families, therefore maximizing their domestic sector. White women place more emphasis on their educational attainment, experience, and careers therefore maximizing their occupational sector.

Through the Human Capital Theory and Status Attainment Theory, a possible explanation for the differences in salary between Hispanic and White women in the wage gap is made possible. White women may be choosing to go to college and obtain the necessary skills,
gaining the necessary experience, and invest in themselves so when they do enter the workforce; they have the power to compete for higher status positions and salary. White women place more emphasis on their educational levels and place less emphasis on the number of children they choose to have. Hispanic women tend to place profound emphasis on having children and minimal emphasis on educational gains. Hispanic women may have not obtained the skills, experience, or requirements that enable an individual to compete for higher status positions which results in lower salary, where white women have advanced with educational gain because they have limited their family size by not having a lot of children.

2.2 STRUCTURALIST MODEL

In contrast to the Individual Model, the Structuralist Model argues that organizational entities are hierarchical arrangements comprised of economic positions. These positions have ranges of income associated with the position occupied rather than a person’s skills or attributes. A person’s income is largely based on the position in which they occupy, not on degrees or accreditations.

The Dual Economy Theory is comprised of sectors of concentration in capital leading to monopoly and competitor sectors. The monopoly sector has technical relations of production including higher capital-to-labor ratio, economies of scale, multiple production sites, regional and national global markets, large market shares, and price setting abilities (Beck, Horan, & Tolbert, 1978). These technical relations of production allow for an increase in profit which makes the organization able to sustain higher wages in order to encourage labor harmony (Beck, Horan, & Tolbert, 1978). The monopoly sector can provide higher wages, higher working conditions, higher stability, and higher opportunities of moving upward within a field (Doeringer & Piore, 1971). The competitive sector cannot sustain a higher wage structure because their
social relations of production have no price setting ability, small or no market share, and they do not have multiple production sites (Beck, Horan, & Tolbert, 1978). A manager in the monopoly sector earns more than a manager in the competitor sector solely on the bases of potential location. Industries in the competitive sector are known for their small firm size, labor intensity, low marginal profits, low productivity, intense market competition, lack of union strength, and lower income (Beck, Horan, & Tolbert, 1978). Women and women of ethnicity tend to be crowded into the competitive sector which is mostly comprised of women, African Americans, teenagers, and the lower financial class (Edwards, 1973). Women and women of ethnicity, especially those of Mexican origin, are not likely to be covered by health care due to their concentration in these service sector occupations (Spalter-Roth et al., 2005).

Segmented Labor Market Theory takes a micro level view of the occupations and social relations of production (Waddoups, Jeffery, & Djeto Assane, 1993). The Segmented Labor Market Theory consists of three labor segments, independent primary segment, subordinated primary segment, and secondary segment (Boston, 1990). The independent primary segment is composed of managerial and professional positions and they tend to have more flexibility and more relaxed guidelines and restrictions (Waddoups, Jeffery, & Djeto Assane, 1993). The subordinate primary segment still has good working conditions and pay but individuals are fulfilling specific tasks defined by the individuals in the independent primary segment (Waddoups, Jeffery, & Djeto Assane, 1993).

Non-Hispanic women are found more frequently in the subordinate primary sector. Hispanic women are found within the secondary segment. According to England (1992) there are two types of social skill, nurturance and authority. Women tend to concentrate in the nurturance social skill and men tend to carry more authority (England, 1992). Occupational
demand for nurturant social skills tend to be penalized where authoritative positions are rewarded with a positive return (England, 1992).

2.3 GENDER MODEL

In contrast to the Individualist and Structuralist who view gender and ethnicity as static variables whose negative effects can be overcome through individual choices, the feminist model argues that gender and ethnicity is a process of devaluation and sorting. Women and women of ethnicity are economically devalued and sorted into inferior economic positions.

ATUS 2008 states that women spend 6.5 hours more per week than men do on household labor. Hispanic women spend three more hours on household labor than Non-Hispanic women (ATUS 2008). Household division of labor is unequally divided between men and women, women spend approximately 70% of their time on housework where the husband and children spend approximately 15% (Hartman, 1981). Household work tends to be described as invisible labor, mainly provided by women; because the hours spent working within the house are not paid labor (Shelton & John, 1996). Hispanic women experienced greater exposure to financial, employment, and household strain than Non-Hispanic women due to their disadvantaged social position and discrimination (Flores, Tschann, Dimas, Bachen, Pasch, & Groat, 2008). Women are segregated into an area of little or no economic value because they produce invisible labor (Hartman, 1981). Women are for the most part, involved in both paid and unpaid labor; regardless of their employment status women are still primarily responsible for household labor (Coverman, 1983). The more involved women are in household and daycare labor, the less involvement they will be able to provide for labor activities (Coverman, 1983).

Women are turned into sexual objects within the home as well as in the workforce; Coverman refers to this as traditional sex-role ideology (Coverman, 1983). Women are viewed
as domestic servants and this stigma carries over. Societies devalue jobs and occupations they assign to women because cultural values affect the positions that employers value most, this includes a bias against any position associated with women (Kilbourne, Farkas, Beron, Weir, & England, 1994).

The Crowding Theory focuses on occupational job segregation through the employer. Women and minorities tend to be crowded into a limited number of occupations, where men have more flexibility in the number of occupations to choose from. Women are crowded into certain occupations that men are not entering because they have better occupations to choose from, thus women enter fields that are predominately female (Blau & Beller, 1988). The Current Population Survey 2008 indicates that supply and demand has much to do with men and women’s job opportunities. Jobs for women have a low demand of 23 employment opportunities, which allows employers a large pool of women to choose from (CPS, 2008). Jobs for men have a high demand of 131 employment opportunities; employers will actually have to be competitive to fill those positions (CPS, 2008).

Revolving Door Theory suggests that occupational segregation is a lifetime socialization process that involves employees, the worker, and their work colleagues (Jacobs, 1989). Women and men are socialized at every grade school in what and where a women’s role should be (Jacobs, 1989). When she enters the workforce in a nontraditional occupation the employer can fire her or pressure her to quit (Jacobs, 1989). A woman’s coworkers can harass and intimidate her until it reduces her productivity and makes her question her strengths and ends up quitting (Kanter, 1977).

The Revolving Door Theory describes high mobility of women within male dominated occupations. For every eleventh woman that enters a male dominated field, ten of them are
being forced back out of the male dominated field (Jacobs, 1989). Women who enter a male dominated field have difficulty achieving promotions or advancing, they are often devalued and treated as inferior to their male counterparts. Sex segregation is not the result of socialization of the child, but the entire life socialization that guide women into female-dominated fields (Jacobs, 1989). The revolving door of women moving in and back out of male dominated fields contributes to occupational sex segregation and gender inequality (Jacobs, 1989). Gender-role discrimination occurs prior to labor market entry, men and women have different ideals as to career aspirations which lead to different selections of occupations in the labor market (Marini & Fan, 1997).

Job and Gender Queues Theory establish that employers and employees are both involved in a ranking process (Reskin & Roos, 1990). The hiring process consists of a ranking order created by the employer where the employees are ranked on desirability, the higher the skills and training the higher the person is listed in the ranking because the employer sees this as productivity (Reskin & Roos, 1990). Employers seek out white males, white females, minority men, and lastly minority women. The ranking of desirability by the employer is called labor queues; the employer wants to hire people from the high labor queues (Reskin & Roos, 1990). While the employer is ranking possible employees by their desirability, the employees are ranking the occupations that are being offered and accepting the best jobs (Reskin & Roos, 1990).

The ranking order finds high skilled, high authority, and high paying occupations inappropriate for minorities (Reskin & Roos, 1990). The occupations that contain poor working conditions, subservient tasks, low status, and low wages are considered appropriate for minorities (Reskin & Roos, 1990). The ranking process limits the minorities and favors white
men and women; it places men and women of ethnicity into low bargaining positions (Reskin & Roos, 1990). Women have been in positions to supervise over other women, yet men are the decision makers with most or all of the authority (Reskin & Roos, 1990).

2.4 CONCEPTUAL MODEL

Figure 1

The Individual component of the alternative model views society as individuals who make rational choices that invest in their skills which increases their productivity and influences the employer to pay more. The more skill an individual has the more willing an employer is to pay because the employee will be productive. Older individuals who invest in education such as on the job training increase productivity which increases income.

The Structural component comprised of occupations, industries, and unions, is a hierarchical structure composed of economic positions that have ranges of income independent of individual attributes. Individuals who are in the monopoly sector are working in higher paying occupations where individuals in the competitive sector are working lower paying occupations. Managers will receive greater economic returns in their education than service workers will.
The Gender component is a process of devaluation and sorting. Racial and ethnic groups are sorted into inferior economic positions. Women and racial/ethnic groups receive less economic return on individual attributes.

3. METHODS

3.1 HYPOTHESIS

Individual model hypothesis:

1. Net of other factors, increases in age leads to an increase in income.

2. Net of other factors, increases in educational attainment will lead to an increase in income.

Structural model hypothesis:

3. Net of other factors, employment in the goods producing sector increases income.

4. Net of other factors, employment in higher skilled occupational positions will lead to an increase in income.

Gender model hypothesis:

5. Hispanic women are sorted into inferior economic positions relative to Non-Hispanic women.

6. Net of other factors, being a Hispanic woman will lead to a decrease in income.

3.2 DATA

The data used in this study comes from the Current Population Survey 2008 (CPS). The Bureau of the Census for the Bureau of Labor Statistics administers monthly surveys to gather information pertaining to labor force characteristics of the United States of America. The CPS samples from approximately 57,000 households in the United States of America and has been doing so for fifty years. A probability sample is used in selecting households for data analysis.
Data from the CPS estimates for the nation as a whole and is used as a reliable indicator of the nation’s economic situation. The CPS includes information from the population such as demographic status including: individual’s age, sex, race/ethnicity, marital status, children, educational attainment, and family structure. The CPS reports information such as work experience, school enrollment, income, skill attainment, previous work experience, education, employment benefits, work schedules, and health. The CPS data contains a sample of 155,917.

Restrictions in this study were made to place focus on women and whether or not they were Hispanic or Non-Hispanic. Men were excluded from the CPS data in this research. Age restrictions were also enabled to keep ages ranging from eighteen to sixty-two. Respondents currently in the military and those married to a military member were excluded from the analysis. The self-employed individuals were removed from the research sample because they make income differently than hourly or salary wages. The self-employed can report a negative amount of income, where hourly and salary wages cannot. The final sample size for this research is 33,813.

The Current Population Survey data are weighted to oversample populations. In some statistical packages, weights can create biased population parameters that will increase the probability of a type one error. To minimize for a type one error, a relative weight was applied to the CPS data. Relative weight is calculated by dividing the weight by its mean. Relative weight will keep the original sample size and give the distribution of the weighted data.

3.3 VARIABLES
3.3.1 DEPENDENT VARIABLE

The dependent variable is an interval level measure of annual earnings, made up of salaries and wages from the previous year ranging from $258-$100,000. Because annual
earnings are prone to being skewed, most scholars calculate a log for annual earnings. With the sample restrictions made in this study, skewness is minimized. Standardized residuals are normally distributed and annual earnings will be presented in dollar value. Centiles and quintiles were created to display an annual earnings distribution.

3.3.2 INDEPENDENT VARIABLES

Age, educational attainment, and regional location are the variables within the individual model. Age is an interval level ratio variable that will be measured in years ranging from eighteen to sixty-four. As an individual’s age increases, an individual will experience an increase in income. The age variable also has an age cohort that includes levels of ages 19 and younger, ages 20-24, ages 25-29, ages 30-34, ages 35-39, ages 40-49, ages 50-59, ages 60-64, ages 65-and older. Educational attainment is an ordinal variable with five categories; less than high school diploma, high school diploma, some college including associates degree, college degree, or graduate/professional degree. An educational binary was created for each of the five levels; less than high school, high school, some college, college, and graduate/professional degree. It is predicted that persons with a degree will experience an increase in income. Region location variables are nominal variables; binaries were created for northeast, Midwest, south, and west. Another binary was created for both rural and urban regions within the data. People living within the rural areas are predicted to have lower income.

Variables within the structural model segment include; annual hours, company size, worker status, government worker, a union binary, level of occupation, and industry. Company size is a nominal level variable that includes three categories; small business, medium business, and large business. A binary was created for each category with three nominal variables. Another binary was created for the part-time workers who work less than 34 hours or less a
week. It is predicted that people who work full-time will report higher income than those who work part-time. Another binary was created for government workers. The union binary created is a nominal level variable. The level of occupation is an ordinal level variable with four categories; white collar/high skilled, white collar/low skilled, blue collar/high skilled and blue collar/low skilled. It is predicted that increases in skill and position attainment will increase income. A binary was created for each of the four categories. The level of industry is a nominal level variable including service and goods. It is predicted that people in the goods industry will experience higher income than people in the service industry.

Variables within the gender model segment include; ethnicity, marital status, number of children, family type, race/ethnicity, immigrant status, and occupational sex segregation. The race/ethnicity variable is nominal and includes; Hispanic and Non-Hispanic. It is predicted that minority status will lead to a decrease in income. The immigrant variable includes three categories; came to the U.S. after 1980, came to the U.S. from 1990-1999, and came to the U.S. in 2000 or after. A binary was created from each category. It is predicted that immigrant status will lead to a decrease in income. A binary was created from immigrant status; immigrant or not an immigrant. Marital status is a nominal level variable that includes three values; married, ever married, and never married. It is predicted that females who are married will experience a decrease in income. A binary was created for each of the three categories for the marital status variable. Number of children is an interval level variable including the number of persons in the household under the age of six and number of persons in the household under the age of eighteen. Binaries were created for both of these variables. It is predicted that having children added to the household will lead to a decrease in income. Family type is a nominal level variable consisting of five categories; couple, single parent male, single parent female, single male, and
single female. It is predicted that single parent females will experience a decrease in income. A region binary was created to isolate low income groups, south and Midwest regions.

4. RESULTS

Referring to the data in table 1, full-time full-year working Hispanic women earn less annually than Non-Hispanic women, $22,449 versus $28,899. Within the Individual factors segment, Hispanic women are more likely to have obtained less than a high school diploma than Non-Hispanic women, 25.1% versus 3.6%. Hispanic women are more likely to obtain a high school diploma or the equivalent than Non-Hispanic women with 30.4% compared to 28.0%. Non-Hispanic women are more likely to have some college than Hispanic women with 34.9% versus 29.2%. Non-Hispanic women are more likely to earn a college degree than Hispanic women 22.8% versus 11.7%. Non-Hispanic women are more likely to earn a graduate degree or professional degree than Hispanic women 10.7% versus 3.6%. Non-Hispanic women tend to be older than Hispanic women, 39.9 years of age versus 36.2 years of age. Non-Hispanic women are more likely to have more years of education than Hispanic women, 14.18 versus 12.77. Non-Hispanic women are more likely to live in rural locations than Hispanic women with 18.9% versus 5.9%. Non-Hispanic women are more likely to live within the South and/or Midwest regions of the United States than Hispanic women, 63.5% versus 47.5%.

4.1 UNIVARIATE AND BIVARIATE ANALYSIS

Among the Structural level factors of table 1, Hispanic women work more hours per week than Non-Hispanic women, 36.9 versus 36.4. Hispanic women are less likely to be members of a union at 1.2% versus 2.3% and less likely to work for the government than Non-Hispanic women at 14.4% versus 20.4%. Hispanic women are more likely to work in the goods producing sector than Non-Hispanic women at 13.0% versus 9.0%. Hispanic women are less
likely to work in white-collar high-skill positions than Non-Hispanic women, 27.0% versus 44.0%. Hispanic women are less likely to work in white-collar low-skill positions than Non-Hispanic women at 34.0% versus 36.0%. Hispanic women are more likely to work in blue-collar high-skill positions than Non-Hispanic women, 5.0% versus 3.0%. Hispanic women are more likely to work in blue-collar low-skill positions than Non-Hispanic women, 35.0% versus 16.0%.

Among the gender level factors of table 1, Non-Hispanic women are more likely to work in occupations where women are more likely to fill the position than men 1.44 versus 1.41. Hispanic women are less likely to be married, 48.8% versus 56.9%. Hispanic women are more likely to at one time be married, 19.9% versus 18.6%. Hispanic women are more likely to have never been married at 31.3% versus 24.5%. Hispanic women are more likely to have children under the age of six in their household at 26.2% versus 15.6%. Hispanic women are more likely to be a single parent, 30.3% versus 15.0%.

4.2 MULTIVARIATE ANALYSIS

The OLS Regression Analysis Regressing Predictors onto Earnings table 2 reports the adjusted R-sq as 0.613. This indicates that 61% of the variance in income can be explained by the model. Net of other factors, Hispanic women are being paid -$1,355.00 less than Non-Hispanic women. As predicted in hypothesis #6, net of other factors, being a Hispanic woman will lead to a decrease in wages. As predicted in hypothesis #1, net of other factors, income increases as age increases. In the full sample, income increases by $174.00. However, Non-Hispanic women are receiving greater amounts of return on age with $182.00 versus Hispanic women at $130.00. As hypothesized in #2, income will increase with every unit of educational attainment, net of other factors. As hypothesized in #3, those who work in the goods producing sectors will make more income than those who do not work in the goods producing sector, net of
other factors. For the full sample, women make $2,153.00 in the goods producing sector. However, Non-Hispanic women are experiencing greater amounts of return in the goods producing sector with $2,510.00 versus Hispanic women at $768.00. As hypothesized in #5, Hispanic women are sorted into inferior economic positions relative to Non-Hispanic women. For the full sample, being sorted into inferior economic positions will lead to a decrease in income -$2,806.00. However, Non-Hispanic women receive greater amounts of return when being sorted into inferior economic positions than Hispanic women do -$2,808.00 versus -$2,490.00.

As hypothesized in #2, income will increase with every unit of educational attainment, net of other factors. For the full sample, people with a post-graduate degree are earning $17,671.00 more than those who graduated with less than a high school diploma. Non-Hispanics who are college graduates, have some college, or have a high school diploma have a higher rate of return than Hispanic women with the same degrees. Non-Hispanic women who are college graduates make $11,315.00 versus Hispanic women who are college graduates making $10,899.00. Non-Hispanic women who have some college make $6,285.00 versus Hispanic women who have some college making $5,299.00. Non-Hispanic women who have a high school diploma make $3,038.00 versus women with a high school diploma making $2,464.00.

As hypothesized in #4, net of other factors, higher skilled occupations will have higher incomes than lower skilled occupations. In the full sample, white-collar high-skilled occupations make $8,560.00 more than blue-collar low-skilled occupations. Non-Hispanic women who are in white-collar high-skilled occupations make more than Hispanic women in these same occupations. Non-Hispanic women in white-collar high-skilled occupations make $8,655.00 more than blue-collar low-skilled occupations versus Hispanic women making $7,425.00 more
than blue-collar low-skilled occupations. However, Non-Hispanic women made less than Hispanic women in white-collar low-skill occupations, $3,276.00 versus $4,009.00. Non-Hispanic women also made less than Hispanic women in the blue-collar high-skill occupations, $2,237.00 versus $2,456.00.

Figure 2, the shares of unique variance explained by the model segment, states that for the full sample the Structural model segment explains 78.6% of the variance. The Gender and Individual model segment explains for less variance with 1.9% and 19.5% in the full sample.

The Structural component explains more variance in the Non-Hispanic women model than it does for the Hispanic women model with 81.9% versus 68.5%. The Gender component explains more variance in the Hispanic women model than the Non-Hispanic women model with 3.3% versus 1.6%. The Individual component explains more variance for the Hispanic women model than it does the Non-Hispanic model with 28.2% versus 16.5%.

5. CONCLUSION

5.1 DISCUSSION/HYPOTHESIS

Within the Individual level factors, as it was hypothesized in #1 that as age increases so does a woman’s income, net of other factors. In previous research age offers an increase in productivity because the more time or job experience an individual has, the greater chance the person will have to acquire experience needed in the workforce (Becker, 1962). The greater a person’s age and/or experience, the higher productivity rate will lead to a higher return in capital (Becker, 1962). However, the increases in amount of return benefited Non-Hispanic women more than Hispanic women. As hypothesized in #2, net of other factors, as a person’s educational attainment increases so does their income. In previous literature, people who invest
in their human capital will have greater amounts in return (Becker, 1962). However, Non-Hispanic women consistently had greater amounts of return than Hispanic women did.

Within the Structural level factors, previous literature states the level of prestige a position holds within the economic hierarchy in the labor market, dictates the level of income. In previous research, the monopoly sector has technical relations of production including higher capital-to-labor ratio, economies of scale, multiple production sites, regional and national global markets, large market shares, and price setting abilities, these technical relations of production allow for an increase in profit which makes the organization able to sustain higher wages in order to encourage labor harmony (Beck, Horan, & Tolbert, 1978). As hypothesized in #3 net of other factors, employment in the goods producing sector increases income. However, Non-Hispanic women are benefiting with greater amounts of return than Hispanic women are. Previous literature states that the competitive sector cannot sustain a higher wage structure because their social relations of production has no price setting ability, small or no market share, and they do not have multiple production sites (Beck, Horan, & Tolbert, 1978). As predicted in hypothesis #4, higher skill positions within the labor market will lead to an increase in income, net of other factors. However, Non-Hispanic women benefited more than Hispanic women financially in white-collar high skill positions.

Within the Gender model, as predicted in hypothesis #5 Hispanic women are sorted into inferior economic positions relative to Non-Hispanic women. In previous research, women and women of ethnicity are economically devalued and sorted into inferior economic positions (Jacobs, 1989). However, Non-Hispanic women receive greater amounts of return when being sorted into inferior economic positions than Hispanic women do. In previous research, black men receive fewer opportunities for promotions than white men do, as well as women and
minorities, who wait longer for job promotional opportunities than their white counterparts (Maume, 1999). As predicted in hypothesis #6, net of other factors, being a Hispanic woman will lead to a decrease in income.

5.2 LIMITATIONS

There are some limitations specific to this study, using cross sectional data allows only for one point in time; it does not capture recent changes such as promotions, demotions, or divorces. These recent changes can alter annual wages, but the impact may not appear in this study. There is also a lack of employment history. The data will not include time taken off from work, promotions, raises, or the duration in a particular position. There is no data on local markets or on what positions actually exist. Migration should also be taken into account, because it is possible that some women are here in an illegal capacity, there is no way to attain their data.

5.3 FUTURE RESEARCH DIRECTIONS/POLICY IMPLICATION

Hispanic women tend to be younger in age than Non-Hispanic women when starting families which can make educational attainment more difficult, encouragement to wait until an older age to start a family such as Non-Hispanic women do, is needed. Hispanic women tend to have lower education than Non-Hispanic women and could engage in federal, state, and non-profit programs to aid for financial needs and educational planning. Hispanic women seem to be getting sorted into inferior economic positions more than Non-Hispanic women, encouragement is needed for Hispanic women to seek occupations that the Non-Hispanic women and men are seeking. A damaging stereotype has been placed on Hispanic women that devalue them in the workforce. Hispanic women are stereotyped as placing family first, as having many children and
larger families, which places them in the household more than Non-Hispanic women raising children and participating in household labor.


APPENDIX
Figure 1
Conceptual Model

Gender \rightarrow Structural

Individual \rightarrow Structural \rightarrow Income

(Adapted from Wright, 1992)
Table 1A
Univariate and Bivariate Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Full Sample</th>
<th>Non-Hispanic 1</th>
<th>Hispanic 2</th>
<th>(pay gap)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent Variables:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual earnings (mean):</td>
<td>$27,875</td>
<td>$28,899 *** ^</td>
<td>$22,449</td>
<td>77.7%</td>
</tr>
<tr>
<td>Annual earnings (median):</td>
<td>$25,000</td>
<td>$27,000</td>
<td>$20,000</td>
<td>74.1%</td>
</tr>
<tr>
<td>Annual earnings centile:</td>
<td>47%</td>
<td>51% *** ^</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>(stddev):</td>
<td>(17905)</td>
<td>(18236)</td>
<td>(14906)</td>
<td></td>
</tr>
<tr>
<td><strong>Independent Variables:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Individual-Level Factors:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age (years)</td>
<td>39.3</td>
<td>39.9 *** ^</td>
<td>36.2</td>
<td></td>
</tr>
<tr>
<td>Education in years</td>
<td>13.95</td>
<td>14.18 *** ^</td>
<td>12.77</td>
<td></td>
</tr>
<tr>
<td>% Less than high school diploma (0,1)</td>
<td>7.0%</td>
<td>3.6% *** ^</td>
<td>25.1%</td>
<td></td>
</tr>
<tr>
<td>% HS Dipl or less (0,1)</td>
<td>28.4%</td>
<td>28.0% *** ^</td>
<td>30.4%</td>
<td></td>
</tr>
<tr>
<td>% Some college (0,1)</td>
<td>34.0%</td>
<td>34.9% *** ^</td>
<td>29.2%</td>
<td></td>
</tr>
<tr>
<td>% BA/BS deg. or higher (0,1)</td>
<td>21.0%</td>
<td>22.8% *** ^</td>
<td>11.7%</td>
<td></td>
</tr>
<tr>
<td>% Graduate degree (0,1)</td>
<td>9.5%</td>
<td>10.7% *** ^</td>
<td>3.6%</td>
<td></td>
</tr>
<tr>
<td>% Rural (0,1)</td>
<td>16.8%</td>
<td>18.9% *** ^</td>
<td>5.9%</td>
<td></td>
</tr>
<tr>
<td>% South &amp; Midwest Region (0,1)</td>
<td>61.0%</td>
<td>63.5% *** ^</td>
<td>47.5%</td>
<td></td>
</tr>
</tbody>
</table>

Table continued on next page
### Table 1B
Univariate and Bivariate Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Full Sample</th>
<th>Non-Hispanic</th>
<th>1</th>
<th>2</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structural-level factors:</strong></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Work hours per week (median)</td>
<td>36.5</td>
<td>36.4</td>
<td>***</td>
<td>36.9</td>
<td></td>
</tr>
<tr>
<td>Annual hours worked per week (median)</td>
<td>1,733</td>
<td>1,734</td>
<td>1,729</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Union member (0,1)</td>
<td>2.1%</td>
<td>2.3%</td>
<td>***</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>% Government (0,1)</td>
<td>19.4%</td>
<td>20.4%</td>
<td>***</td>
<td>14.4%</td>
<td></td>
</tr>
<tr>
<td>% Goods-producing industry (0,1)</td>
<td>9.0%</td>
<td>9.0%</td>
<td>***</td>
<td>13.0%</td>
<td></td>
</tr>
<tr>
<td>% White-collar High-skill (0,1)</td>
<td>41.0%</td>
<td>44.0%</td>
<td>***</td>
<td>^ 27.0%</td>
<td></td>
</tr>
<tr>
<td>% White-collar Low-skill (0,1)</td>
<td>36.0%</td>
<td>36.0%</td>
<td>**</td>
<td>34.0%</td>
<td></td>
</tr>
<tr>
<td>% Blue-collar High skill (0,1)</td>
<td>4.0%</td>
<td>3.0%</td>
<td>***</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>% Blue-collar Low-Skill (0,1)</td>
<td>19.0%</td>
<td>16.0%</td>
<td>***</td>
<td>^ 35.0%</td>
<td></td>
</tr>
<tr>
<td>High-skill (0,1)</td>
<td>45.0%</td>
<td>47.0%</td>
<td>***</td>
<td>^ 32.0%</td>
<td></td>
</tr>
<tr>
<td>Low-skill (0,1)</td>
<td>55.0%</td>
<td>52.0%</td>
<td>***</td>
<td>^ 69.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Gender:</strong></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Occupational Sex-Segregation</td>
<td>1.43</td>
<td>1.44</td>
<td>***</td>
<td>1.41</td>
<td></td>
</tr>
<tr>
<td>% Married (0,1)</td>
<td>55.6%</td>
<td>56.9%</td>
<td>***</td>
<td>48.8%</td>
<td></td>
</tr>
<tr>
<td>% Ever Married (0,1)</td>
<td>18.8%</td>
<td>18.6%</td>
<td>*</td>
<td>19.9%</td>
<td></td>
</tr>
<tr>
<td>% Never Married (0,1)</td>
<td>25.6%</td>
<td>24.5%</td>
<td>***</td>
<td>31.3%</td>
<td></td>
</tr>
<tr>
<td>% with children under 6 (0,1)</td>
<td>17.3%</td>
<td>15.6%</td>
<td>***</td>
<td>^ 26.2%</td>
<td></td>
</tr>
<tr>
<td>% Single Parent (0,1)</td>
<td>17.5%</td>
<td>15.0%</td>
<td>***</td>
<td>^ 30.3%</td>
<td></td>
</tr>
</tbody>
</table>

**Sample n (weighted):**

<table>
<thead>
<tr>
<th></th>
<th>31,558</th>
<th>26,548</th>
<th>5,010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100.0%</td>
<td>84.1%</td>
<td>15.9%</td>
</tr>
</tbody>
</table>
Table 2
OLS Regression Analysis Regressing Predictors onto Earnings

<table>
<thead>
<tr>
<th>Variables:</th>
<th>Full sample</th>
<th></th>
<th>Non-Hispanic</th>
<th></th>
<th>Hispanic</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>unstd.</td>
<td>std.</td>
<td>unstd.</td>
<td>std.</td>
<td>unstd.</td>
<td>std.</td>
</tr>
<tr>
<td>Individual-level factors:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age (years)</td>
<td>$174 ***</td>
<td>0.124</td>
<td>$182 ***</td>
<td>0.128</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age squared</td>
<td>-$7 ***</td>
<td>-0.057</td>
<td>-$7 ***</td>
<td>-0.059</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Graduate (0,1)</td>
<td>$17,671 ***</td>
<td>0.290</td>
<td>$17,796 ***</td>
<td>0.301</td>
<td>$18,842 ***</td>
<td>0.236</td>
</tr>
<tr>
<td>College Graduate (1,0)</td>
<td>$11,036 ***</td>
<td>0.251</td>
<td>$11,315 ***</td>
<td>0.260</td>
<td>$10,899 ***</td>
<td>0.235</td>
</tr>
<tr>
<td>Some College (0,1)</td>
<td>$5,937 ***</td>
<td>0.157</td>
<td>$6,285 ***</td>
<td>0.164</td>
<td>$5,299 ***</td>
<td>0.162</td>
</tr>
<tr>
<td>High School Diploma (0,1)</td>
<td>$2,757 ***</td>
<td>0.069</td>
<td>$3,038 ***</td>
<td>0.075</td>
<td>$2,464 ***</td>
<td>0.076</td>
</tr>
<tr>
<td>Less Than High School (0,1)</td>
<td>ref. grp.</td>
<td></td>
<td>ref. grp.</td>
<td></td>
<td>ref. grp.</td>
<td></td>
</tr>
<tr>
<td>Rural (0,1)</td>
<td>-$4,197 ***</td>
<td>-0.088</td>
<td>-$4,263 ***</td>
<td>-0.091</td>
<td>-$3,856 ***</td>
<td>-0.061</td>
</tr>
<tr>
<td>South &amp; Midwest region (0,1)</td>
<td>$1,049 ***</td>
<td>0.029</td>
<td>$1,178 ***</td>
<td>0.031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structural-level factors:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual hours worked</td>
<td>$14.63 ***</td>
<td>0.546</td>
<td>$15.15 ***</td>
<td>0.560</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Union member (0,1)</td>
<td>$3,155 ***</td>
<td>0.025</td>
<td>$3,285 ***</td>
<td>0.027</td>
<td>$1,627 ***</td>
<td>0.012</td>
</tr>
<tr>
<td>Government (0,1)</td>
<td>$494 **</td>
<td>0.011</td>
<td>$313</td>
<td>0.007</td>
<td>$1,754 ***</td>
<td>0.041</td>
</tr>
<tr>
<td>Goods-producing (0,1)</td>
<td>$2,153 ***</td>
<td>0.035</td>
<td>$2,510 ***</td>
<td>0.039</td>
<td>$768</td>
<td>0.017</td>
</tr>
<tr>
<td>White-Collar high-skilled (0,1)</td>
<td>$8,560 ***</td>
<td>0.235</td>
<td>$8,655 ***</td>
<td>0.236</td>
<td>$7,425 ***</td>
<td>0.220</td>
</tr>
<tr>
<td>White-Collar low-skilled (0,1)</td>
<td>$3,430 ***</td>
<td>0.092</td>
<td>$3,276 ***</td>
<td>0.086</td>
<td>$4,009 ***</td>
<td>0.127</td>
</tr>
<tr>
<td>Blue-Collar high-skill (0.1)</td>
<td>$2,191 ***</td>
<td>0.023</td>
<td>$2,237 ***</td>
<td>0.022</td>
<td>$2,456 ***</td>
<td>0.035</td>
</tr>
<tr>
<td>Blue-Collar low-skill (0,1)</td>
<td>ref. grp.</td>
<td></td>
<td>ref. grp.</td>
<td></td>
<td>ref. grp.</td>
<td></td>
</tr>
<tr>
<td>Gender:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hispanic</td>
<td>-$1,355 ***</td>
<td>-0.028</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occ. Sex-Seg. Index</td>
<td>-$2,806 ***</td>
<td>-0.078</td>
<td>-$2,808 ***</td>
<td>-0.076</td>
<td>-$2,490 ***</td>
<td>-0.086</td>
</tr>
<tr>
<td>Married (0,1)</td>
<td></td>
<td></td>
<td>$138</td>
<td>0.004</td>
<td>$807 **</td>
<td>0.027</td>
</tr>
<tr>
<td>With child under age 6 (0,1)</td>
<td></td>
<td></td>
<td>$1,057 ***</td>
<td>0.021</td>
<td>$93</td>
<td>0.003</td>
</tr>
<tr>
<td>Immigrant (0,1)</td>
<td>-$2,711 ***</td>
<td>-0.037</td>
<td>-$2,525 ***</td>
<td>-0.018</td>
<td>-$2,839 ***</td>
<td>-0.088</td>
</tr>
<tr>
<td>(Constant):</td>
<td>-$7,628 ***</td>
<td>-9,253 ***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R-sq.</td>
<td>0.613</td>
<td>0.613</td>
<td>0.579</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n=</td>
<td>31,558</td>
<td>26,548</td>
<td>5,010</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 *** p< 0.001; ** p< 0.01; * p< 0.05; ns non-significant
2 significant difference between non-hisp. women and hisp. women at the .05 level or higher
Figure 2
Shares of Unique Variance Explained by Model Segment

**Full sample:**
(1.9%) Gender → (78.6%) Structural

(19.5%) Individual → (81.9%) Income

**White non-Hispanic Female:**
(1.6%) Gender → (81.9%) Structural

(16.5%) Individual → (68.5%) Income

**Hispanic Female:**
(3.3%) Gender → (68.5%) Structural

(28.2%) Individual → (Income)